

additional revenue sources that lower the rates or out of pocket consumer energy costs such as rate averaging, and other Federal, State, or private cost contributions or subsidies.

(e) The applicant may propose a project that will serve high energy cost communities across a State or region, but where individual project beneficiaries will be selected at a later time. In such cases, to establish eligibility, the applicant must provide sufficient information in the application to determine that the proposed target area includes eligible high energy cost communities and proposed selection criteria to assure that grant funds are used to serve eligible communities.

§ 1709.108 Supporting data for determining community eligibility.

The application shall include the following:

(a) *Documentation of energy costs.* Documents or references to published or other sources for information or data on home energy expenditures or equivalent measures used to support eligibility, or where such information is unavailable or does not adequately reflect the actual cost of average home energy use in a local community, reasonable estimates of commercial energy costs.

(b) *Served areas.* A comparison of the historical residential energy cost or expenditure information for the local commercial energy provider(s) serving the target community or target area with the benchmark criteria published by the Agency.

(c) *Engineering estimates.* Estimates based on engineering standards may be used in lieu of historical residential energy costs or expenditure information under the following circumstances:

(1) Where historical community energy cost data are unavailable (unserved areas), incomplete or otherwise inadequate;

(2) Where the target area is not connected to central station electric service to a degree comparable with other residential customers in the State or region.

(3) Where historic energy costs do not reflect the costs of providing a necessary upgrade or replacement of energy infrastructure that would have

the effect of raising costs above one or more of the Agency benchmarks.

(d) *Independent Agency review.* Information to support high energy cost eligibility is subject to independent review by the Agency. The Agency may reject applications that are not based on credible data sources or sound engineering estimates.

§ 1709.109 Eligible projects.

Eligible projects are those that acquire, construct, extend, repair, upgrade or otherwise improve energy generation, transmission or distribution facilities serving communities with extremely high energy costs. All energy generation, transmission and distribution facilities and equipment used to provide or improve electricity, natural gas, home heating fuels, and other energy services to eligible communities are eligible. Projects providing or improving service to communities with extremely high energy costs through on-grid and off-grid renewable energy technologies, energy efficiency, and energy conservation projects and services are eligible. A grant project is eligible if it improves, or maintains energy services, or reduces the costs of providing energy services to eligible communities. Examples of eligible activities include, but are not limited to, the acquisition, construction, replacement, repair, or improvement of:

(a) Electric generation, transmission, and distribution facilities, equipment, and services serving the eligible community;

(b) Natural gas distribution or storage facilities and associated equipment and activities serving the eligible community;

(c) Petroleum product storage and handling facilities serving residential or community use.

(d) Renewable energy facilities used for on-grid or off-grid electric power generation, water or space heating, or process heating and power for the eligible community;

(e) Backup up or emergency power generation or energy storage equipment, including distributed generation, to serve the eligible community; and

(f) Implementation of cost-effective energy efficiency, energy conservation